

MONDAY, MARCH 11, 1985

TWENTIETH LEGISLATIVE DAY

The House met at 5:00 p.m. and was called to order by Mr. Speaker McWherter.

The proceedings were opened with prayer by Reverend Martin Kaercher, Civic Affairs Representative, Sword of the Lord Foundation, Murfreesboro, Tennessee.

Representative Hobbs led the House in the Pledge of Allegiance to the Flag.

The roll call was taken with the following results:

Present 91

Representatives present were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Chiles, Clark (Davidson), Clark (Sumner), Collier, Copeland, Covington, Crain, Cross, Curlee, Darnell, Davidson, Davis (Cocke), Davis (Gibson), Davis (Knox), DeBerry, DePriest, Dills, Dixon, Drew, Frensley, Gaia, Garrett, Gill, Harrill, Hassell, Henry, Hillis, Hobbs, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Lawson, Love, May, McAfee, McCroskey, McNally, Miller, Montgomery, Moody, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Peroulas, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Hamilton), Robinson (Washington), Scruggs, Severance, Stafford, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work and Mr. Speaker McWherter--91.

The Speaker announced that Representative Ellis was excused because of business.

The Speaker announced that Representative Shirley was excused because of business.

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The Speaker announced that Representative Gafford was excused because of illness.

MESSAGE FROM THE GOVERNOR

MR. SPEAKER:

I am directed by the Governor to return herewith: House Joint Resolution No. 58, with his approval.

WILLIAM H. INMAN,
Counsel to the Governor.

MESSAGE FROM THE GOVERNOR

MR. SPEAKER;

I am directed by the Governor to return herewith: House Bill No. 1024, with his approval.

WILLIAM H. INMAN,
Counsel to the Governor.

MESSAGE FROM THE GOVERNOR

MR. SPEAKER;

I am directed by the Governor to return herewith: House Bills Nos. 446, 728 and 788; and House Joint Resolutions Nos. 72, 74, 75, 76, 80, 81, 82, 84, 86, 87, 88, 89, 91, 94, 95, 97, 98, 99, 101, 103, 108, 116, 121, 126 and 132, with his approval.

WILLIAM H. INMAN,
Counsel to the Governor.

ENROLLED BILLS

MR. SPEAKER:

Your Chief Engrossing Clerk begs leave to report that we have carefully compared House Bills Nos. 11, 131 and 294; and House Joint Resolutions Nos. 109, 110, 111, 112, 113 and 114; and find same correctly enrolled and ready for the signatures of the Speakers.

MARILYN EVELYN HAND,
Chief Engrossing Clerk.

SIGNED

The Speaker announced that he had signed the following: House Bills Nos. 11, 131 and 294; House Joint Resolutions Nos. 109, 110, 111, 112, 113 and 114.

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CALENDAR

Mr. Hillis moved that House Joint Resolution No. 25 be re-referred to the Committee on Calendar and Rules, which motion prevailed.

House Bill No. 98--To regulate bingo and raffles.

On motion, House Bill No. 98 was made to conform with Senate Bill No. 294.

On motion, Senate Bill No. 294, on same subject, was substituted for House Bill No. 98.

Mr. Kernell moved that Senate Bill No. 294 be passed on third and final consideration, which motion prevailed by the following vote:

Ayes	65
Noes	27
Present and not voting	1

Representatives voting aye were: Bell, Bewley, Bivens, Brewer, Buck, Burnett, Clark (Davidson), Collier, Covington, Curlee, Darnell, Davidson, DeBerry, DePriest, Dixon, Drew, Frensley, Gaia, Garrett, Gill, Hassell, Hillis, Hurley, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Love, May, McCroskey, McNally, Miller, Montgomery, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Severance, Swann, Tankersley, Tanner, Turner (Hamilton), Turner, C. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Work, Yelton and Mr. Speaker McWherter --65.

Representatives voting no were: Bragg, Byrd, Chiles, Clark (Sumner), Copeland, Crain, Cross, Davis (Cocke), Davis (Gibson), Davis (Knox), Dills, Harrill, Henry, Hobbs, Huskey, Lawson, McAfee, Moody, Nance, Napier, Peroulas, Scruggs, Stafford, Stallings, Treadway, Wolfe and Wood--27.

Representative present and not voting was: Cobb--1.

A motion to reconsider was tabled.

House Bill No. 193--To make certain provisions, public finances.

Mr. Rhinehart moved that House Bill No. 193 be passed on third and final consideration.

Mr. Rhinehart moved to amend as follows:

AMENDMENT NO. 1

Amend House Bill No. 193 by deleting the current sections and

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substituting the following:

SECTION 1. Tennessee Code Annotated, Subsection 8-5-110 (d) is amended by deleting the current provisions and inserting the following:

The Treasurer shall make an annual report to the department head of collateral held on behalf of his department. The official bond of the Treasurer shall be security for any losses resulting under this Section.

SECTION 2. Tennessee Code Annotated, Section 9-1-102 is amended by deleting the current provisions and substituting the following:

State employees and officials are prohibited from borrowing money upon the faith and credit of the State for any purpose whatever except as otherwise provided by law.

SECTION 3. Tennessee Code Annotated, Section 9-1-103 is deleted in its entirety.

SECTION 4. Tennessee Code Annotated, Section 9-1-107 is amended by deleting current provisions and substituting the following:

(a) (1) Counties, municipalities, districts, and other public or quasi-public corporations and public officials, boards, agencies, or other public or quasi-public entities, other than the State, are expressly authorized and empowered to invest or deposit funds held by them, including sinking funds and pension and retirement funds in accounts of Savings and Loan Associations operating under the laws of this state and Federal Savings and Loan Associations organized under the laws of the United States and operated under federal supervision or in accounts of a Savings and Loan Association organized under the laws of the State of Tennessee whose deposits are insured by the Federal Savings and Loan Insurance Corporation.

(2) Deposits in excess of the limits of insurance on such accounts are authorized where the collateral given is of the character set forth in Section 15 of this Act, or where the collateral given is an irrevocable letter of credit issued by the Federal Home Loan Bank, or where the collateral consists of a promissory note secured by a first mortgage or a first deed of trust upon residential real property located in Tennessee; provided that:

(A) The promissory note shall at all times be in an amount in value at least fifty percent (50%) in excess

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of the amount deposited with the association, such value to be determined in accordance with procedures established by regulation hereby authorized to be issued by the Comptroller of the Treasury; and,

(B) The association may exercise, enforce, or waive any right or power granted to it by promissory note, mortgage, or deed of trust; provided, however, that the security for the note shall not be released or diminished in value by such action; and

(C) The following may not be used as security for deposits:

(i) Any promissory note on which any payment is more than ninety (90) days past due;

(ii) Any promissory note secured by a mortgage or deed of trust as to which there is a lien prior to the mortgage or deed of trust; or

(iii) Any promissory note secured by a mortgage or deed of trust as to which notice of default has been recorded or an action has been commenced.

In addition, no promissory note on which payment is more than thirty (30) days past due shall be used initially as such security.

(D) If the security or any note is released, or if the note is diminished in value by action of the association as set forth in subdivision (B) hereof, or if any note becomes delinquent as set forth in subdivision (C) hereof, or if for any other reason the value of the note or security is impaired, the association shall promptly substitute collateral meeting the requirements hereof sufficient to cover the deposits to be secured hereunder.

(E) Such deposits in excess of the limits of insurance shall, as to each association, be limited to no more than five percent (5%) of the assets of such association with respect to each depositor hereunder, and shall be limited to no more than ten percent (10%) of the assets of such association with respect to all depositors hereunder.

- (b) Counties, municipalities, districts and other public or quasi-public entities are authorized to deposit or invest funds in the Pooled Investment Fund under the provisions of Section 48 through 52 of this Act. The governing body of such local government may delegate revocable investment authority to the financial officer

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charged with custody of the funds of the local government, who shall thereafter assume full responsibility for transactions with the Local Government Investment Pool.

SECTION 5. Tennessee Code Annotated, Section 9-1-111 through 9-1-115 are deleted in their entirety.

SECTION 6. Tennessee Code Annotated, Section 9-2-127 is amended by deleting the current provisions and substituting the following:

Every county official collecting or receiving public money from any source whatsoever belonging to or for the use of the State shall comply with the provisions of Section 24 of this Act.

SECTION 7. Tennessee Code Annotated, Sections 9-2-129 through 9-2-136 are deleted in their entirety.

SECTION 8. The current provisions of the Tennessee Code Annotated, Title 9, Chapter 3, Parts 1 and 2 are redesignated as Parts 2 and 3 and Sections 9, 10 and 11 of this Act shall be a new Part 1 of Chapter 3.

SECTION 9. A municipal or public corporation organized under the laws of the State of Tennessee, including but not limited to counties, municipalities, metropolitan governments, utility districts, and industrial development boards or corporations, may by resolution duly adopted by its governing body authorize the issuance, in lieu of serial bonds, of fully registered bonds, without coupons, payable in installments corresponding to the maturities of such serial bonds. Such resolution shall provide that at the request of the holder of an installment bond such municipality or public corporation shall cause to be prepared, executed and delivered to the holder, in exchange for such installment bond, serial bonds in an aggregate principal amount equal to the principal amount of such installment bond then unpaid, having maturities corresponding to the maturities of the installments of principal of such installment bond then unpaid, and bearing interest at the same rate or rates as provided in such installment bond. Upon any such exchange, such installment bond shall be canceled. The reasonable expenses in connection with such exchange shall, at the option of the municipal or public corporation, be paid by the holder or the issuer. Until so exchanged, such installment bonds shall in all respects be entitled to the same benefits as the serial bonds to be issued.

SECTION 10. (a) (1) "Municipality" means any county, incorporated city or town, school district, utility district, improvement district, taxing district, housing authority, industrial development board, health and educational facilities

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board, or other district, authority, commission, board, public body or political subdivision in this state.

(2) "Public security" means any bond, note, warrant, certificate of indebtedness or other obligation for the payment of money authorized to be issued by a municipality.

(3) "Facsimile" means a reproduction by engraving, imprinting, stamping, lithographing or other means.

(b) Notwithstanding the provisions of any other law:

(1) Any public security required to be executed by the officer of a municipality may be executed with the facsimile rather than the manual signatures of such officers if so provided in the proceedings authorizing the issuance of such public security, provided that at least one (1) such signature on each public security shall be manually subscribed or, in the alternative, in the case of any public security being authenticated by a corporate trustee pursuant to the terms of an indenture of trust or other trust instrument, only the signature of the authenticating agent of such trustee need be manually subscribed on such public security if so provided in such proceedings.

(2) A facsimile of the official seal of a municipality may be placed on any public security in lieu of the manual impress of such seal if so provided in the proceedings authorizing the issuance of such public security.

(c) The provisions of this section shall be in addition and supplemental to existing law and shall not repeal any other law permitting the use of facsimile signatures or seals on public securities.

SECTION 11. Whenever any county, metropolitan government, incorporated town or city or special district of the State of Tennessee is authorized by law to enter into any loan agreement, indenture or other contract or instrument for the borrowing of money, such loan agreement, indenture or other contract or instrument may be for such term as the parties thereto may agree, but in no event may such term exceed forty (40) years or the term otherwise authorized by law, and may provide for such security as authorized by law for the term of such loan agreement, indenture or other contract or instrument.

SECTION 12. Tennessee Code Annotated, Title 9, Chapter 4; Chapter 5, Parts 1, 2, and 3; Chapters 7, 15 and 17 and Tennessee Code Annotated Section 9-5-411 are deleted in their entirety and the following Sections 13 through 39 and 41 through 63 of this Act shall be substituted as a new Chapter 4.

SECTION 13. Collateral means Eligible Collateral pledged by a State Depository.

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SECTION 14. Default may include but is not limited to:

- (a) The failure of any State Depository to return any State Deposit, including earned interest in accordance within the terms of the deposit contract; or
- (b) The failure of any State Depository to pay any check, draft or warrant drawn by the Treasurer; or
- (c) The failure of any State Depository to honor any request for electronic transfer of funds to the State;
- (d) The failure of any State Depository to account for any check, draft, warrant, order, deposit certificate or money entrusted to it by the State; or
- (e) The issuance of any order of any court or the taking of any formal action by any supervisory authority, which has the effect of restraining a State Depository from making payments of deposit liabilities; or
- (f) The appointment of a receiver for a State Depository; or
- (g) Any other action which the State Treasurer determines to place State Deposits in jeopardy.

SECTION 15. Eligible Collateral shall mean:

- (a) Bonds of the United States or any of its agencies;
- (b) Obligations guaranteed by the United States or any of its agencies, the payments of which are fully guaranteed both as to principal and interest by the United States;
- (c) Obligations guaranteed by the Tennessee Industrial Development Authority not to exceed the amount of the guarantee;
- (d) Bonds of the State of Tennessee including any revenue bond issued by any agency of the State specifically including institutions under the control of the State Board of Regents, the Board of Trustees of the University of Tennessee and bonds issued in the name of the State School Board Authority;
- (e) Bonds of any utility district, county or municipal corporation of the State of Tennessee, including bonds payable from revenues (expressly excluding bonds of any road, levee or drainage district) upon which said bonds there has been no default in the payment of interest more than thirty (30) days upon any one (1) installment of

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interest, for the five (5) years next preceeding the deposit of such bonds;

(f) Loans to students guaranteed one hundred percent (100%) by the Tennessee Student Assistance Corporation, during the dormant period of such loan;

(g) Bonds issued under the provisions of Chapters 37 and 53 of Title 7 or under Chapter 19 of Title 48, that are rated "A" or higher by any nationally recognized rating service;

(h) Any other collateral security acceptable to the Secretary of the Treasury to secure the United States for deposits of public money in tax and/or loan accounts in banks; provided such collateral shall not include state or municipal bonds from other states or from municipalities in other states; or

(i) For Savings and Loan Associations only, in addition to the Eligible Collateral listed above, it shall mean an irrevocable letter of credit issued by the Federal Home Loan Bank.

SECTION 16. Loss includes but is not limited to:

(a) The principal amount of the State Deposit;

(b) All accrued interest through the date of Default;

(c) Additional interest at the rate the State Deposit was earning on the total of subsections (a) and (b) through the day of payment to the State by a liquidator or other third party or through the date of sale by the Treasurer or his agent; and

(d) Attorney's fees incurred in recovering State Deposits.

SECTION 17. Required Collateral means Collateral (1) whose face value is equal to 110% of the value of the State Deposit secured thereby and (2) whose market value is equal to 100% of the value of the State Deposit secured thereby; less so much of such amount as is protected by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

SECTION 18. State Deposit means all state funds which are placed in a State Depository plus interest accrued thereon.

SECTION 19. State Depository means any financial institution located in the State of Tennessee 1) which is under the supervision of the State of Tennessee Department of Financial Institutions, the United States Comptroller of the Currency or the Federal Home Loan Bank Board and 2) has been designated by

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the State Treasurer, the Governor and the Commissioner of Finance and Administration as a State Depository.

SECTION 20. Trustee Custodian means any bank or federal reserve bank or branch thereof or the Federal Home Loan Bank which the Treasurer has designated as Trustee Custodian to hold Eligible Collateral on behalf of the Treasurer. Such designation by the Treasurer of a bank other than a Federal Reserve Bank or the Federal Home Loan Bank shall be submitted to the Commissioner of Financial Institutions and the Commissioner of Finance and Administration for their concurrence.

SECTION 21. The Commissioner of Finance and Administration shall set up and maintain special accounts in the general fund with respect to moneys received for designated purposes from the federal government.

SECTION 22. Notwithstanding any provision to the contrary, any reference to a separate account in state law shall be deemed to mean a separate account within the state's accounting system and shall not require establishment of a separate account in a State Depository. Any reference to separate collateral shall be satisfied if sufficient total collateral is maintained in accordance with the provisions of Sections 13 through 39 of this Act. Any reference to separate bond shall be satisfied through coverage of the Treasurer by the State's Blanket Surety Bond pursuant to Public Chapter 887, Acts of 1980.

SECTION 23. Unless otherwise provided by law, the Funding Board established by TCA Section 9-9-101, shall act as trustees for any funds which are directed to be held in trust by the state on any agency thereof. Unless otherwise provided by law, the Treasurer shall invest such trust funds under policy guidelines established by resolution of the Funding Board pursuant to Section 42 of this Act. Each trust fund shall be responsible for administrative expenses incurred in the investment of such funds.

SECTION 24. (a) It shall be the duty of every department, institution, office and agency of the State and every officer and employee of state government, including the State Treasurer, collecting or receiving state funds, to deposit them immediately into the Treasury or to the account of the State Treasurer in a bank designated as a State Depository or to the appropriate departmental account if authorized by Section 25 of this Act. (b) Notwithstanding any other provision of law to the contrary and notwithstanding any written comment on the payment instrument or any other verbal or written comment, whenever any official deposits State Funds in accordance with subsection (a), in any form or description including but not limited to checks, drafts or warrants, said deposit shall in no manner relieve the person or organization submitting said amount of any liability which has or is subsequently determined to be owed to the State except to the extent that the amount deposited discharges the amount owed

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to the State. When an instrument is tendered by such person or organization and is deposited by the State for an amount which is less than the full amount owed, the remaining liability shall be enforceable in the same manner as the original amount owed to the State.

(c) Such deposit shall be made without any deductions on account of salaries, fees, costs, charges, expenses, refunds, claims, or demands of any description whatsoever.

(d) Unless otherwise provided by law, all county and other officials collecting moneys for the use and benefit of the State shall remit the same to the Commissioner of Revenue in accordance with procedures established by the Commissioner of Finance and Administration and approved by the Treasurer and the Comptroller of the Treasury.

SECTION 25. (a) No department, officer or agency of state government, except the State Treasurer, shall deposit State Funds to his, its or their credit in any financial institution except as provided in this section.

(b) Whenever the satisfactory conduct of the State's business clearly demands it and not otherwise, the Commissioner of Finance and Administration with the approval of the Governor and the State Treasurer may authorize establishment of an account in the name of a state department or agency in a State Depository.

(c) Whenever state officials are required to hold funds in trust as a result of their official duties, such funds may be held in departmental accounts unless otherwise directed by the Commissioner of Finance and Administration, the Governor and the State Treasurer.

(d) Whenever a departmental account is established, unless otherwise provided, funds in the account shall be invested in accordance with Section 42 of this Act.

(e) A petty cash account may be allowed by the Commissioner of Finance and Administration to each State department, institution or agency, which shall in his opinion require such account, and said account so established shall be reimbursed only upon statements and bills audited by the Department of Finance and Administration. In the event that a petty cash account requires the establishment of a separate bank account, such account shall be established in accordance with Subsection (b).

(f) The Commissioner of Finance and Administration shall promptly notify the Comptroller of the Treasury of any accounts established pursuant to this section.

SECTION 26. The provisions of Sections 24 and 25 of this Act shall not apply to institutions governed by the Board of

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Trustees of the University of Tennessee or the State Board of Regents. Said institutions shall operate in accordance with procedures established by their respective governing boards which are consistent with the provisions regulating other state agencies.

SECTION 27. Whenever interest bearing accounts are established by the Treasurer or other State Official pursuant to Sections 24, 25 or 30 of this Act, reasonable service charges may be deducted from interest income pursuant to procedures established by the Treasurer and Commissioner of Finance and Administration. There is hereby appropriated from interest income an amount sufficient to pay such charges.

SECTION 28. (a) All deposits made pursuant to Section 24 of this Act except as provided in subsection (b) herein, shall be evidenced by a deposit certification in accordance with procedures established by the Commissioner of Finance and Administration and approved by the Treasurer.

(b) Deposits of state funds that results from transfers within the banking system utilizing electronic transfer of funds and initiated by the Treasurer shall be evidenced by those documents and advices as are used within the banking system to execute such funds transfer, and shall be accepted by the Commissioner of Finance and Administration in lieu of deposit certifications. Such documents and advices shall be delivered directly by the Treasurer to the Commissioner of Finance and Administration.

SECTION 29. (a) Each State Depository where public deposits are made by the Treasurer shall transmit to the Treasurer a monthly statement of monies received, charges assessed, interest credited and amounts paid by them on account of the State.

(b) Each State Depository where a Departmental Account is maintained shall transmit to the department or agency head a monthly statement of monies received, charges assessed, interest credited and amounts paid by them.

SECTION 30. The State Treasurer is authorized to open accounts in State Depositories and establish procedures to be followed by each Depository for the handling of State Deposits.

SECTION 31. In the liquidation of insolvent State Depositories, the return of all State Deposits, including funds held in trust by State Officials, shall be preferred in payment.

SECTION 32. (a) It shall be the duty of the Commissioner of Financial Institutions to advise, on a timely basis, the Treasurer and the Commissioner of Finance and Administration of the condition of each State bank and State chartered savings and

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loan association, including his recommendations regarding its condition and safety as a State Depository.

(b) It shall be the duty of the Commissioner of Financial Institutions to make inquiry, on a timely basis, of the United States Comptroller of the Currency respecting the condition and safety of each national bank as a State Depository and to advise the Treasurer and the Commissioner of Finance and Administration of the results.

(c) It shall be the duty of the Commissioner of Financial Institutions to make inquiry, on a timely basis, of the Federal Home Loan Bank Board, respecting the condition and safety of each federally chartered savings and loan association as a State Depository and to advise the Treasurer and the Commissioner of Finance and Administration of the results.

(d) Any doubts as to the safety of any State Depository shall be resolved by the Treasurer and the Commissioner of Finance and Administration against the Depository; in the event the two (2) disagree, the Commissioner of Financial Institutions shall vote.

(e) If determined to be necessary under subsection (d), steps toward further security or realization shall be taken in accordance with the direction of the Treasurer and the Commissioner of Finance and Administration. Such steps may include a requirement that additional Collateral be pledged or all or a portion of the State Deposit may be withdrawn without penalty or forfeiture of interest.

SECTION 33. All state funds held in State Depositories, including those held in the name of the State Trust of Tennessee, shall be secured by Required Collateral as provided in Section 34 of this Act, except for funds on deposit in the name of the State or the State Trust with a Federal Reserve Bank. State funds placed by the Treasurer in the State Trust Company of Tennessee shall be exempt from the collateral requirements.

SECTION 34. The Treasurer shall evaluate the market value of Required Collateral monthly, and more frequently if market conditions require. Any State Depository whose Collateral has a market value less than the value of its State Deposits shall provide additional Collateral at the request of the Treasurer. If within two (2) working days such additional Collateral is not provided, the Treasurer shall submit to the Commissioner of Financial Institutions and the Commissioner of Finance and Administration a written summary of the results of the market valuation of Collateral for said Depository, together with a summary of the Deposits secured by the Collateral and take such action as a majority of these three officials, based upon information received pursuant to Section 32 of this Act, deems appropriate. Such action may include withdrawal of part or all

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of the State Deposit in said Depository without penalty or forfeiture of interest.

SECTION 35. Prior to Default, the Treasurer is authorized to remit to the State Depository any and all interest upon Eligible Collateral pledged by such Depository.

SECTION 36. (a) Default shall be deemed to occur whenever any State Depository fails to return any State Deposit including earned interest when due in accordance with the terms of the deposit contract.

(b) In all other situations, as defined in Section 14, where the safety or security of State Deposits is in doubt, the Treasurer shall determine whether Default has occurred and the date on which it occurred following consultation with the other members of the State Funding Board, the Attorney General and the Commissioner of Financial Institutions. Once the Treasurer has made such a determination, the other state officials with whom he consulted shall be advised.

(c) In the event of Default by any State Depository, the State Depository shall be responsible for any Loss to the State.

(d) Such Loss shall be satisfied out of Collateral pledged by the State Depository to whatever extent possible.

(e) Collateral pledged in accordance with Sections 31 through 39 of the Act may be sold by the Treasurer or, at the direction of the Treasurer, by the Trustee Custodian or any other person, including a federal agency, holding such Collateral. In the alternative, the Treasurer may choose to hold such Collateral. If the Treasurer holds such Collateral, Loss shall be reduced by the market value of the Collateral and any accrued interest thereon as of the date of Default.

(f) The Attorney General is authorized to prosecute, in the name of the State, actions for recovery of any Loss incurred by the State under this Section.

(g) Excess proceeds, if any, realized from the sale of Collateral will be returned to the defaulting State Depository or its successor.

SECTION 37. (a) The State Treasurer is expressly authorized to contract for the safekeeping and servicing of Eligible Collateral and/or securities owned by the Tennessee Consolidated Retirement System and/or other securities of which he is the custodian.

(b) The State Treasurer is expressly authorized, if he deems it advisable, to insure said securities against theft or other loss.

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(c) All expenses incidental to the safekeeping and servicing of securities other than Eligible Collateral, shall be paid by the state agency or the retirement system charged with the responsibility of the securities.

(d) The State of Tennessee shall be liable to the State Depository for any loss of Eligible Collateral arising from embezzlement and/or theft while in the possession of the Treasurer or under his dominion or control under this Section. The State of Tennessee shall not be liable, however, for loss to the State Depository from market fluctuations in the value of Collateral or loss to such Depository while the Collateral is in possession of any common carrier in route to or from the State Depository to or from the State Treasurer.

SECTION 38. (a) In lieu of the actual deposit of eligible collateral under Section 37 of this Act the Treasurer is authorized at his option to accept trust receipts therefor.

(b) Trust receipts shall be issued by Trustee Custodians in a form acceptable to the Treasurer following the deposit of Eligible Collateral with the Trustee Custodian by a State Depository.

(c) Eligible Collateral deposited with a Trustee Custodian shall be subject in all respects to the claims and rights of the State to the same extent as though such collateral had been physically deposited with the Treasurer under Section 37 of this Act.

(d) Each trust receipt shall be nonnegotiable and irrevocable and shall continue in full force and effect until surrendered by the issuing Trustee Custodian with the release of the Treasurer endorsed thereon over the Treasurer's signature.

(e) The Treasurer may present the trust receipt at any time to the issuing Trustee Custodian and upon delivery thereof shall be entitled to receive any and all collateral represented thereby from the Trustee Custodian, and such collateral shall thereafter be held by the Treasurer as if deposited with him by the State Depository as Collateral, without further liability on the part of the Trustee Custodian.

(f) Following delivery of the Collateral to the Treasurer, he is hereby permitted to register such Collateral in the name of the State and to hold it on behalf of the State Depository.

SECTION 39. (a) When any Trustee Custodian holds Collateral for a State Depository which is related to the Custodian through shared ownership or control, such Collateral shall be held in a restricted account at a Federal Reserve Bank or branch thereof within the State.

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(b) The Treasurer is expressly authorized either in person or by agent to examine and check the Collateral held by the Trustee Custodian and to require reasonable reports from the Trustee Custodian.

(c) Neither the State nor the Treasurer shall be liable to the State Depository for Eligible Collateral deposited with or held by any Trustee Custodian, for any loss arising from any breach of the trust or agreement or from any other cause while such Eligible Collateral is in the possession or custody of such Trustee Custodian pursuant to a trust receipt.

SECTION 40. Tennessee Code Annotated, Section 9-5-401 is amended by deleting the current provisions and substituting the following:

In addition to the definitions found in Section 13 through 20 of this Act, the following shall apply in this Part unless the context otherwise requires it:

(a) "Collateral pool" means the sum total of all eligible collateral from all qualified public depositories which is required under this Part to secure the public deposits coming under the provisions of this Part;

(b) "Liability ratio" means the ratio of each qualified public depository's total public deposits as compared to the total public deposits insured by the collateral pool after deducting the total amount of public deposits held by any qualified public depositories in which a loss has occurred;

(c) "Qualified public depository" means any financial institution which is eligible to hold public deposits under this Chapter and which elects to secure such public deposits under the provisions of this Part;

(d) "Required collateral" means a sum equal to the greater of either twenty-five percent (25%) of the average daily balance of all public deposits held by each qualified public depository during the twelve (12) calendar months immediately preceding the date of any computation of such balance, or twenty-five percent (25%) of the public deposits then held by such qualified public depository.

SECTION 41. (a) No money shall be drawn from the State Treasury except in accordance with appropriations duly authorized by law or by resolution passed by both houses of the General Assembly. Every disbursement from the State Treasury, except as hereinafter provided, shall be upon the authorization of the Commissioner of Finance and Administration, which authorization shall be in the form of a warrant, drawn in favor of the payee, and said warrant shall, upon being signed by the Commissioner of Finance and Administration and delivered to the payee, become a

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draft on the Treasury of the State. Provided, however, that electronic transfer of funds, in lieu of a warrant, may be utilized when such use is deemed by the Commissioner of Finance and Administration and the State Treasurer to be in the best interest of the State. When this method of disbursement is utilized, the Commissioner shall authorize such transfer in writing, and the State Treasurer shall accept such written advice in lieu of a warrant.

(b) All state money in any depository of the state government shall stand on the books of the depository to the credit of the State Treasurer. Transfer of funds between depositories, in order to facilitate a concentration of funds for immediate investment, or payment of state obligations pursuant to Subsection (a) of this Section, shall be made by electronic transfer of funds or in accordance with such other procedures authorized by the Treasurer and approved by the Commissioner of Finance and Administration and the Comptroller of the Treasury.

(c) The State Treasurer is specifically authorized to purchase investments which are otherwise authorized by law or by authority delegated to him pursuant to Section 42 of this Act by electronic transfer of funds or in accordance with such other procedures authorized by the Treasurer and approved by the Commissioner of Finance and Administration and the Comptroller of the Treasury.

(d) Whenever electronic transfer of funds is used for the purpose authorized by this Section, such electronic funds transfer shall be made through the federal reserve system upon instructions of the State Treasurer confirmed by written documentation, or by magnetic tape, disc or other medium designed for electronic communication. Copies of such written documentation or electronic communication shall be furnished immediately to the Commissioner of Finance and Administration and shall contain a full description of the transaction in a form acceptable to the Commissioner of Finance and Administration.

SECTION 42. (a)(1) It is the policy of the State of Tennessee that all funds in the State Treasury shall be invested by the Treasurer to the extent practical. Said investments shall be made in accordance with policy guidelines approved by resolution of the State Funding Board which may authorize investments in bonds, notes and Treasury Bills of the United States or other obligations guaranteed as to principal and interest by the United States or any of its agencies, repurchase agreements for obligations of the United States or its agencies and certificates of deposit in banks and savings and loan associations recognized as State Depositories pursuant to Section 19 of this Act, provided however, said certificates of deposit shall be collateralized in accordance with Section 33 of this Act. Included within the policy guidelines approved by the Funding Board shall be the procedure for determining the interest rate to be paid on investments of the Treasury. Each time said

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interest rates are changed, pursuant to the policy, the Treasurer shall report said change to the other members of the Funding Board.

(2) In lieu of actual physical delivery of investments purchased pursuant to this Section the State Treasurer may accept trust receipts therefor as provided in Section 38 of this Act.

(b) (1) In addition to the authority granted in Subsection (a) of this section, the State Funding Board may, by resolution duly adopted, authorize the State Treasurer to invest so much cash in the State Treasury as it may deem appropriate in obligations of the State or any agency of the State maturing in not more than one (1) year from the date of such investment, provided that the Funding Board shall have determined that such obligations could not otherwise be sold in traditional markets at reasonable rates of interest, and provided further, that the yield on such obligations shall be equal to or greater than, in the determination of the Funding Board with the concurrence of the State Treasurer, the yield of other obligations in which the State could invest at that time under the provisions of Subsection (a). The Funding Board may, by resolution, establish guidelines and, within such guidelines, delegate the investment authority hereby conferred to the State Treasurer. Such obligations, when so purchased, shall be turned over to the State Treasurer, whose official bond shall be security for the safekeeping thereof. In lieu of actual physical delivery of such obligations so purchased, the State Treasurer may accept trust receipts as provided in Section 38 of this Act.

(2) The Funding Board and the governing boards of the respective state agencies may authorize the sale of obligations of the State and state agencies, respectively, to the State pursuant to the terms and conditions set forth in this section.

SECTION 43. (a) There is hereby established the pooled investment fund for the purpose of receiving and investing any money in the custody of any officer or officers of the State unless prohibited by statute to be invested.

(b) Participants in the fund under this section shall be deemed to be the General Fund of the State and any department or agency of the State which is required by court order, contract, state or federal law or federal regulation to receive interest on invested funds and which are authorized by the State Treasurer to participate in the fund.

(c) The State Treasurer shall administer the pooled investment fund on behalf of the participants in accordance with the provisions of Section 42 of this Act.

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(d) All investments purchased belong jointly to the participants in the fund and the participants will share capital gains, income, and losses pro rata.

(e) The State Treasurer shall keep a separate account, designated by name and number of each participant. Individual transactions and totals of all investments belonging to each participant shall be recorded in the accounts.

(f) The State Treasurer shall report monthly to every participant having a beneficial interest in the pooled investment fund. The report shall show the changes in investments made during the preceding month.

(g) The State Treasurer shall establish a revolving account, under his custody, to defray administrative costs of the pooled investment fund. The State Treasurer shall deduct from each participant's pro rata earnings through the fund a reasonable charge for administering the fund, which shall be deposited and expended through the revolving account.

(h) The principal, and any part thereof, of each and every account constituting the pooled investment fund, shall be subject to payment at any time from the monies in the fund; provided, however, the Treasurer is authorized to receive, invest, and return principal and accrued interest to a participant by means of wire transfer or other means of electronic transfer of funds.

SECTION 44. No person shall draw any money from the public Treasury until all debts, dues, and demands owing by him to the State are first liquidated and paid off. The Commissioner of Finance and Administration shall not issue any warrant upon the Treasury in favor of a person in default until all his arrearages to the Treasury are audited and paid, otherwise than by allowing such defaulter or delinquent credits on the amounts of his delinquencies for such sum or sums as may at any time be due and owing to him from the Treasury.

SECTION 45. The Commissioner of Finance and Administration may issue a duplicate warrant to any person to whom an original warrant was issued and which was lost, mislaid, or destroyed, in accordance with procedures established by the Commissioner of Finance and Administration and approved by the Treasurer and Comptroller of the Treasury.

SECTION 46. The Commissioner of Finance and Administration is authorized to require the preparation and submission of work programs, financial reports and any other fiscal information he deems necessary before releasing any appropriations or grant to any agency, association, district, center, or other organization that is not under the direct control of an executive department or agency of State government. The Comptroller of the Treasury is authorized and empowered to audit the fiscal records of any

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such agency, association, district, center or other such organization receiving state appropriations or grants.

SECTION 47. With respect to any revenues or receipts collected by any department or agency with the exception of those collected by the Department of Revenue, other provisions of the law to the contrary notwithstanding, such amounts as are determined to have been erroneously paid may be refunded by such procedure as shall be developed by the Commissioner of Finance and Administration and approved by the Comptroller of the Treasury.

SECTION 48. The purpose of Sections 48 through 52 of this Act is to enable public entities in Tennessee to participate together in providing maximum opportunities for the investment of idle public funds. The General Assembly finds and declares that the public interest is found in providing maximum investment of idle funds, thereby reducing the need for imposing additional taxes.

SECTION 49. A local government investment pool is hereby created consisting of the aggregate of all funds from local governments that are placed in the custody of the State Treasurer or his agents for investments and reinvestment.

SECTION 50. The members of the Tennessee Advisory Commission on Intergovernmental Relations created by Chapter 10 of Title 4 shall serve in an advisory capacity to the State Treasurer in all matters pertaining to the pooled investment fund.

SECTION 51. Funds in the Local Government Investment Pool established by Sections 48 through 52 of this Act shall be consolidated with state funds under the control of the Treasurer for investment purposes, provided that accurate and detailed accounting records are maintained for the funds for each participating local government and that a proportionate amount of interest is credited to the local government investment pool and the accounts herein. The State Treasurer shall deduct from each participant's pro rata earnings from the fund a reasonable charge for administering the fund. A separate account designated by name and number for each participant in the fund shall be kept to record individual transactions and totals of all investments belonging to each participant. A monthly report showing the changes in investments made during the preceding month shall be furnished to each participant having a beneficial interest in the investment pool.

SECTION 52. The State Treasurer is authorized to assist local governments in investing funds that are temporarily in excess of operating needs by:

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- (a) Explaining investment opportunities to such local governments through publication and other appropriate means:
- (b) Acquainting such local governments with the State's practice and experience in investing short term funds; and
- (c) Providing technical assistance in investment of idle funds to local governments that request such assistance.

SECTION 53. (a) There is hereby created the State Trust of Tennessee, herein sometimes referred to as the trust company. A public corporation and instrumentality of the State, the trust company shall be deemed to be acting in all respects for the benefit of the people of the state and shall be deemed to be serving a public purpose in the performance of the essential public functions entrusted to it.

(b) The trust company may begin operations at any time after March 27, 1978, upon filing of the trust company charter with the Secretary of State. The charter shall also be recorded in the office of the Register of Deeds of Davidson County, in which shall be located the principal office of the trust company.

(c) The trust company and its corporate existence shall continue until terminated by law.

SECTION 54. The purpose of the trust company shall be to enable the State Treasurer to perform efficiently and economically the duty of managing, disbursing, transferring, and investing public funds and thereby to benefit all of the people of the State.

SECTION 55. The trust company may:

(a) Enter into contracts, trust agreements, and other fiduciary instruments.

(b) Adopt, use and display a corporate seal.

(c) Adopt and amend bylaws, rules and regulations for carrying out the purposes of Sections 53 through 63 of this Act.

(d) Receive, transfer and disburse money and other property on behalf of the state, the Tennessee Consolidated Retirement System, and such other governmental agencies and instrumentalities whose funds are managed by the State Treasurer.

(e) Subscribe to the stock of the appropriate federal reserve bank.

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(f) Issue capital stock in an amount deemed necessary to obtain the services of the federal reserve system.

(g) Manage and invest money and other property on behalf of the State.

(h) To have such powers as are necessary and convenient to carry out the purpose for which the trust company is organized.

SECTION 56. It is not the purpose of the trust company to engage in commercial banking activity or private fiduciary activity; accordingly, the trust company shall not be empowered to accept deposits, or to make loans, or to act as fiduciary for any private person, association or corporation.

SECTION 57. The board of directors of the trust company shall have the power to change the name "State Trust of Tennessee" to a different name if, in the opinion of the board or a regulatory agency, said change is necessary or desirable in permitting the trust company to fulfill its corporate purposes.

SECTION 58. The State Treasurer, Comptroller of the Treasury, Secretary of State, Commissioner of Financial Institutions, and Commissioner of Finance and Administration or their designees shall serve as directors of the trust company, and the State Treasurer shall serve as Chairman of the Board of Directors.

SECTION 59. As the trust company is formed for a valid public purpose and is exercising its powers for the benefit of the people of the State, the trust company, and its capital stock, and all properties at any time owned by it or held by it in a fiduciary capacity, and the income therefrom, shall be exempt from taxation by the State or any local unit, or subdivision, or instrumentality of the State.

SECTION 60. The trust company shall have such capital stock as required by the federal reserve in order for the trust to obtain the services of the federal reserve system. The capital stock of the trust company shall be held by the members of the board of directors, and their successors in office, by virtue of their incumbency in such offices. The State Treasurer and the Commissioner of Finance and Administration, with the approval of the Comptroller of the Treasury, are hereby authorized to invest idle treasury funds and/or idle retirement system funds in the trust company to provide sufficient funds for capitalization requirements.

SECTION 61. Earnings of the trust company attributable to its capital shall be repaid to the State Treasury and the Tennessee Consolidated Retirement System until the capital loan of each is repaid in full. Earnings attributable to capital

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thereafter, and all investment earnings of the trust company, shall be distributed to the State Treasury, the Tennessee Consolidated Retirement System, and such other governmental agencies or instrumentalities as required by law, in proportion to the amount of principal held by the trust company for each agency.

SECTION 62. The trust company shall promptly, following the close of each fiscal year, submit an annual statement of operations to the Board of Directors for inclusion in the Treasurer's annual report. An audit of the trust company's records and accounts shall be made in conjunction with the periodic audits of the Treasury Department by the Comptroller of the Treasury. All audits performed by the internal audit staff of the trust company shall be conducted in accordance with the standards established by the Comptroller of the Treasury pursuant to Tennessee Code Annotated, Section 4-3-304(9).

SECTION 63. Insofar as the provisions of Sections 53 through 62 of this Act are inconsistent with the provisions of any other law, general, special, or local, the provisions of these sections shall be controlling.

SECTION 64. Tennessee Code Annotated, Section 9-9-102 is amended by deleting the section in its entirety and substituting the following:

The Commissioner of Finance and Administration shall open and keep on his books in his office an account designated "sinking fund account", which shall show accurately and specifically all payments made into and all disbursements made out of the State sinking fund.

SECTION 65. Tennessee Code Annotated, Section 9-9-108 is amended by deleting the section in its entirety and substituting the following:

The cash in the sinking fund shall be deposited by the State Funding Board in the pooled investment fund authorized by Section 43 of this Act or in a bank or trust company located within or without the state of Tennessee, which will give such security for such deposit. The security shall consist of a deposit of collateral of the kind and type now required by law for the deposit of other state funds.

SECTION 66. Tennessee Code Annotated, Section 9-9-109 is amended by deleting the section in its entirety and substituting the following:

Pending its application to the payment of the principal or interest of the outstanding bonds of the State, the State Funding Board shall deposit all cash in banks or trust companies located within or without the state of Tennessee,

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which shall give such security for such deposit as said board may require.

The State Funding Board may employ a bank or trust company located within or without the state of Tennessee to act as custodian of any securities held by said board under the provisions of this chapter. The compensation of such bank or trust company shall be paid out of the General Fund of the State.

No bank or trust company shall be eligible as a depository under the provisions of this section unless it furnishes security of the same character as collateral now required by law to be deposited for the use of the State Treasurer as security for deposits of other state funds.

SECTION 67. Tennessee Code Annotated, Section 9-9-110 is amended by deleting the section in its entirety and substituting the following:

Cash in the hands of the State Funding Board not immediately required for the payment of the principal of or interest upon outstanding obligations of the State may be invested, by the board possessing such funds, in its discretion in direct obligations of the United States or in general obligation bonds of the State of Tennessee, including any general obligation bonds issued under the provisions of this chapter or chapter 165 of the Public Acts of 1937, or in any other obligations which are legal for the investment of funds of the State of Tennessee including the deposit of cash in the pooled investment fund authorized in Section 43 of this Act, with such interest yield as such board shall deem satisfactory, but maturing prior to the time when such funds will be required for the payment of the obligations of the State for which such funds are dedicated.

SECTION 68. Tennessee Code Annotated, Title 9, Chapter 9, Part 1 is amended by adding a new section which shall read as follows:

The Commissioner of Finance and Administration shall keep in his office a true and correct "interest account", showing the amount of interest due semiannually, on the bonds of the State issued for any purpose; and shall cause entries to be made on said account of said interest and coupons received and canceled as now provided by law, and, in his report to the Governor, shall state the precise amount paid on interest account, the number of coupons paid and canceled, and the number and amount outstanding and not paid, so as to furnish satisfactory information as to the condition of the State's indebtedness at the end of each fiscal year.

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SECTION 69. Tennessee Code Annotated, Section 50-7-501(a), is amended by deleting from the first sentence of the subsection the words "separate and apart from all monies and funds of this state" and substituting in lieu thereof the following:

within the State Treasury

SECTION 70. Tennessee Code Annotated, Section 50-7-501(b), is amended by deleting the subsection in its entirety and substituting the following:

(b) Accounts and Deposits. The State Treasurer shall be ex-officio treasurer and custodian of the fund. Within the accounting system of the state the fund shall be divided into three separate accounts:

- (1) a clearing account;
- (2) an unemployment trust fund account; and
- (3) a benefit account.

All monies payable to the fund upon receipt thereof shall be immediately deposited into the Treasury to the credit of the clearing account. Refunds payable pursuant to Section 50-7-404 may be paid from the clearing account upon warrants originating in the office of the commissioner and approved by him or a duly designated agent and countersigned by the Treasurer.

All other collected funds in the clearing account shall be immediately transferred to and deposited with the Secretary of the Treasury of the United States of America to the credit of the account of this state in the unemployment trust fund established and maintained pursuant to Section 904 of the Social Security Act, as amended. The benefit account shall consist of all monies requisitioned from this state's account in the unemployment trust fund.

SECTION 71. Tennessee Code Annotated, Section 50-7-502(a), is amended by deleting the subsection in its entirety and substituting instead the following:

There is created in the State Treasury a special fund to be known as the Unemployment Compensation Administration Fund. All monies which are deposited or paid into said fund are appropriated and made available to the Commissioner. All monies in this fund shall be expended solely for the purpose of deferring the cost of administration of this chapter, and no other purpose whatsoever. The fund shall consist of all money appropriated and allotted by this state, and all monies received from the United States of America, or any agencies thereof, including the Department of Health and

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Human Services, the Railroad Retirement Board, the United States Employment Service, or from any other source, for such purpose. All monies in this fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements that are provided by law for other special funds in the State Treasury. Any balances in this fund shall not lapse at any time but shall be continuously available to the Commissioner for expenditure consistent with this chapter. The monies received from the Railroad Retirement Board as compensation for services or facilities supplied to said board are made for such services or facilities from such fund or account.

SECTION 72. Tennessee Code Annotated, Section 50-7-505(f), is amended by deleting from the subsection the following words:

"separate and apart from all other funds in such treasury."

SECTION 73. Tennessee Code Annotated, Title 50, Chapter 7, Part 5, is amended by adding a new section as follows:

All monies in the State Treasury in funds created by this chapter shall be invested and secured under the provisions of Sections 13 through 39 and 41 through 63 of this Act. The Treasurer shall periodically review the balances in the various funds created pursuant to this chapter and allocate such interest as is payable pursuant to Sections 13 through 39 and 41 through 63 of this Act. Provided, however, the Treasurer shall pro-rata reduce interest allocations to all funds for which interest is paid pursuant to this section, if necessary, to compensate for any account or fund having a negative balance for the period for which interest allocations are made.

SECTION 74. The Tennessee Code Commission is hereby directed to reorganize the provisions of Title 9 relating to Public Finance for state and local government.

SECTION 75. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 76. This act shall take effect on July 1, 1985, the public welfare requiring it.

Mr. Rhinehart moved to amend Amendment No. 1 as follows:

AMENDMENT NO. 1 TO AMENDMENT NO. 1

Amend Amendment No. 1 to Amendment No. 1 by:

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- 1) in Section 14 deleting the word "or" following the semi-colon (;) in items (a), (b), and (e).
- 2) in Section 15, item (g) deleting the words and numbers "Chapter 19 of Title 48" and substituting the words and numbers "Part 3 of Chapter 3 of Title 48".
- 3) in Section 22:
 - (a) adding the words "of law or regulation" after the word "provision" in the first sentence, and
 - (b) deleting the words and numbers "Public Chapter 887, Acts of 1980" and substituting the words and number "TCA Section 4-4-108".
- 4) in Section 33:
 - (a) deleting the words "State or the State Trust" and substituting the words "State or the State Trust of Tennessee", and
 - (b) deleting the word "Company" from the second sentence.
- 5) in Section 41, deleting the first sentence of subsection (a) and substituting the following:

No money shall be drawn from the State Treasury except in accordance with appropriations duly authorized by law.
- 6) in Section 48, deleting the words "found in" and substituting the words "satisfied by".
- 7) in Section 55, item (h), deleting the word "To" at the beginning thereof.
- 8) in Section 60, inserting the word "system" after the words "by the federal reserve".
- 9) in Section 64, deleting the amendatory and directory language in its entirety and substituting the following:

Section 64. Tennessee Code Annotated, Section 9-9-102 is amended by deleting the words "State Treasurer" and substituting the words "Commissioner of Finance and Administration".

On motion, Amendment No. 1 to Amendment No. 1 was adopted.

Thereupon, Amendment No. 1, as amended, was adopted.

Thereupon, House Bill No. 193, as amended, passed its third and final consideration by the following vote:

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Ayes 87
Noes 7

Representatives voting aye were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Clark (Davidson), Clark (Sumner), Cobb, Collier, Copeland, Covington, Crain, Cross, Curlee, Darnell, Davidson, Davis (Cocke), Davis (Gibson), Davis (Knox), DeBerry, DePriest, Dills, Dixon, Drew, Frenslley, Gaia, Garrett, Gill, Harrill, Hassell, Hillis, Hobbs, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Lawson, Love, May, McCroskey, McNally, Miller, Montgomery, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Severance, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work, Yelton and Mr. Speaker McWherter--87.

Representatives voting no were: Chiles, Henry, McAfee, Moody, Peroulas, Scruggs and Stafford--7.

A motion to reconsider was tabled.

Mr. Speaker McWherter relinquished the Chair to Mr. Bivens, Speaker pro tem.

House Bill No. 540--To regulate registration of motor vehicles, certain counties.

Mr. Cobb moved that House Bill No. 540 be passed on third and final consideration.

Mr. Cobb moved to amend as follows:

AMENDMENT NO. 1

Amend House Bill No. 540 in Section 1 by deleting the words "whether or not the " in the amendatory language of subitem (a)(2) and substituting instead the words "that a".

On motion, the amendment was adopted.

Thereupon, House Bill No. 540, as amended, passed its third and final consideration by the following vote:

Ayes 89
Noes 4

Representatives voting aye were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Chiles, Clark (Davidson), Clark (Sumner), Cobb, Collier, Copeland, Covington, Crain, Cross, Curlee, Darnell, Davidson, Davis (Cocke), Davis (Gibson), DeBerry, DePriest, Dills, Dixon, Drew, Frenslley, Gaia, Garrett, Gill, Harrill, Hassell, Hillis, Hobbs, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber,

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Lawson, Love, McAfee, McCroskey, McNally, Miller, Montgomery, Moody, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Severance, Stafford, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work, Yelton and Mr. Speaker McWherter--89.

Representatives voting no were: Davis (Knox), Henry, Peroulas and Scruggs--4.

A motion to reconsider was tabled.

House Bill No. 507--To make certain provisions, nursing students.

On motion, House Bill No. 507 was made to conform with Senate Bill No. 161.

On motion, Senate Bill No. 161, on same subject, was substituted for House Bill No. 507.

Mr. Cobb moved that Senate Bill No. 161 be passed on third and final consideration, which motion prevailed by the following vote:

Ayes	93
Noes	0

Representatives voting aye were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Chiles, Clark (Davidson), Clark (Sumner), Cobb, Collier, Copeland, Covington, Crain, Cross, Curlee, Darnell, Davidson, Davis (Cocke), Davis (Gibson), Davis (Knox), DeBerry, DePriest, Dills, Dixon, Frensley, Gaia, Garrett, Gill, Harrill, Hassell, Henry, Hillis, Hobbs, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Lawson, Love, May, McAfee, McCroskey, McNally, Miller, Montgomery, Moody, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Peroulas, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Scruggs, Severance, Stafford, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work, Yelton and Mr. Speaker McWherter--93.

A motion to reconsider was tabled.

House Bill No. 611--To make polling places accessible to elderly and handicapped voters.

Mr. Yelton moved that House Bill No. 611 be passed on third and final consideration.

Mr. Miller moved to amend as follows:

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AMENDMENT NO. 1

Amend House Bill No. 611 by adding the following new section immediately following Section 3.

Section

All voting precincts shall be made accessible to elderly and handicapped voters within thirty-six (36) months of the effective date of this Act, unless the State Election Commission and State Election Coordinator shall in their sole discretion determine that said precinct cannot reasonably be made accessible to said handicapped and elderly voters.

On motion, the amendment was adopted.

Thereupon, House Bill No. 611, as amended, passed its third and final consideration by the following vote:

Ayes	93
Noes	0

Representatives voting aye were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Chiles, Clark (Davidson), Clark (Sumner), Cobb, Collier, Copeland, Covington, Crain, Cross, Curlee, Darnell, Davidson, Davis (Cocke), Davis (Gibson), Davis (Knox), DeBerry, DePriest, Dills, Dixon, Frensley, Gaia, Garrett, Gill, Harrill, Hassell, Henry, Hillis, Hobbs, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Lawson, Love, May, McAfee, McCroskey, McNally, Miller, Montgomery, Moody, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Peroulas, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Scruggs, Severance, Stafford, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work, Yelton and Mr. Speaker McWherter --93.

A motion to reconsider was tabled.

House Bill No. 447--To exempt former prisoners-of-war, certain taxes.

On motion, House Bill No. 447 was made to conform with Senate Bill No. 187.

On motion, Senate Bill No. 187, on same subject, was substituted for House Bill No. 447.

Mr. Yelton moved that Senate Bill No. 187 be passed on third and final consideration, which motion prevailed by the following vote:

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Ayes	93
Noes	0

Representatives voting aye were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Chiles, Clark (Davidson), Clark (Sumner), Cobb, Collier, Copeland, Covington, Crain, Cross, Curlee, Darnell, Davidson, Davis (Cocke), Davis (Gibson), Davis (Knox), DeBerry, DePriest, Dills, Dixon, Frensley, Gaia, Garrett, Gill, Harrill, Hassell, Henry, Hillis, Hobbs, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Lawson, Love, May, McAfee, McCroskey, McNally, Miller, Montgomery, Moody, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Peroulas, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Scruggs, Severance, Stafford, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work, Yelton and Mr. Speaker McWherter--93.

A motion to reconsider was tabled.

House Bill No. 341--To regulate state street aid fund.

Mr. Kisber moved that House Bill No. 341 be passed on third and final consideration, which motion prevailed by the following vote:

Ayes	93
Noes	0

Representatives voting aye were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Chiles, Clark (Davidson), Clark (Sumner), Cobb, Collier, Covington, Crain, Cross, Curlee, Darnell, Davidson, Davis (Cocke), Davis (Gibson), Davis (Knox), DeBerry, DePriest, Dills, Dixon, Drew, Frensley, Gaia, Garrett, Gill, Harrill, Hassell, Henry, Hillis, Hobbs, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Lawson, Love, May, McAfee, McCroskey, McNally, Miller, Montgomery, Moody, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Peroulas, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Scruggs, Severance, Stafford, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work, Yelton and Mr. Speaker McWherter--93.

A motion to reconsider was tabled.

CONSENT CALENDAR

House Joint Resolution No. 137--Relative to commending Mrs. Helen Young Clift.

House Joint Resolution No. 138--Relative to honoring Mrs. Sidney Harris.

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House Joint Resolution No. 139--Relative to proclaiming March 6, 1985 as "Chapter I Day" in Tennessee.

House Bill No. 1029--To make certain provisions, Bledsoe County Schools.

House Bill No. 1037--To amend Charter, Lawrenceburg.

House Bill No. 1038--To amend Charter, Fayetteville.

Mr. Gill moved that all House Bills on the Consent Calendar be passed on third and final consideration, all House Resolutions and House Joint Resolutions on the Consent Calendar be adopted, which motion prevailed by the following vote:

Ayes	92
Noes	0

Representatives voting aye were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Chiles, Clark (Davidson), Clark (Sumner), Cobb, Collier, Copeland, Covington, Crain, Cross, Curlee, Davidson, Davis (Cocke), Davis (Gibson), Davis (Knox), DeBerry, DePriest, Dills, Dixon, Drew, Frensley, Gaia, Garrett, Gill, Harrill, Hassell, Henry, Hillis, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Lawson, Love, May, McAfee, McCroskey, McNally, Miller, Montgomery, Moody, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Peroulas, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Scruggs, Severance, Stafford, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work, Yelton and Mr. Speaker McWherter--92.

A motion to reconsider was tabled.

SECOND ROLL CALL

A roll call was taken with the following results:

Present	95
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Representatives present were: Bell, Bewley, Bivens, Bragg, Brewer, Buck, Burnett, Byrd, Chiles, Clark (Davidson), Clark (Sumner), Cobb, Collier, Copeland, Covington, Crain, Cross, Curlee, Darnell, Davidson, Davis (Cocke), Davis (Gibson), Davis (Knox), DeBerry, DePriest, Dills, Dixon, Drew, Frensley, Gaia, Garrett, Gill, Harrill, Hassell, Henry, Hillis, Hobbs, Hurley, Huskey, Ivy, Jared, Jones, Kent, Kernell, King, Kisber, Lawson, Love, May, McAfee, McCroskey, McNally, Miller, Montgomery, Moody, Moore (Shelby), Moore (Sullivan), Murphy, Murray, Naifeh, Nance, Napier, Peroulas, Phillips, Pruitt, Rhinehart, Ridgeway, Robinson (Davidson), Robinson (Hamilton), Robinson (Washington), Scruggs, Severance, Stafford, Stallings, Starnes, Swann, Tankersley, Tanner, Treadway, Turner (Hamilton),

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Turner, C. (Shelby), Turner, L. (Shelby), Ussery, Webb, West, Wheeler, Whitson, Williams, Winningham, Wix, Wolfe, Wood, Work, Yelton and Mr. Speaker McWherter--95.

INTRODUCTION OF RESOLUTIONS

House Joint Resolution No. 140--Relative to honoring Roy "Sonny" Ferguson--By Phillips.

Under the rules, House Joint Resolution No. 140 was referred to the Committee on Calendar and Rules.

House Joint Resolution No. 141--Relative to honoring James Haggard Helton--By Phillips.

Under the rules, House Joint Resolution No. 141 was referred to the Committee on Calendar and Rules.

RESOLUTIONS LYING OVER

Senate Joint Resolution No. 48--Relative to honoring 1984 Lincoln County High School football team.

Under the rules, Senate Joint Resolution No. 48 was referred to the Committee on Calendar and Rules.

Senate Joint Resolution No. 49--Relative to congratulating Coach Wayne Peters and soccer team.

Under the rules, Senate Joint Resolution No. 49 was referred to the Committee on Calendar and Rules.

Senate Joint Resolution No. 51--Relative to honoring Hillsboro High School Sophisticats.

Under the rules, Senate Joint Resolution No. 51 was referred to the Committee on Calendar and Rules.

Senate Joint Resolution No. 55--Relative to commending Reverend Lester Basken.

Under the rules, Senate Joint Resolution No. 55 was referred to the Committee on Calendar and Rules.

Senate Joint Resolution No. 59--Relative to honoring Rural Electrification Administration.

Under the rules, Senate Joint Resolution No. 59 was referred to the Committee on Calendar and Rules.

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INTRODUCTION OF BILL

House Bill No. 1041--To provide for transfer of juvenile court records, Williamson County--By Frensey and Hobbs.

Passed first consideration.

SENATE BILLS ON FIRST CONSIDERATION

Senate Bill No. 197--To regulate conflicts of interest, municipal officials.

Passed first consideration.

Senate Bill No. 198--To regulate purchases, local governments through state contracts.

Passed first consideration.

Senate Bill No. 199--To regulate investment, idle funds by municipalities.

Passed first consideration.

Senate Bill No. 213--To enact Tennessee Allocation Plan for Private Activity Bonds and Student Loan Bonds.

Passed first consideration.

Senate Bill No. 233--To provide Courts of General Session, recover personal property.

Passed first consideration.

Senate Bill No. 322--To regulate motor carrier authorization permits.

Passed first consideration.

Senate Bill No. 323--To regulate safety inspection, certain motor vehicles.

Passed first consideration.

Senate Bill No. 324--To require restitution, certain injured persons.

Passed first consideration.

Senate Bill No. 367--To regulate tax, material serverance from ground.

Passed first consideration.

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Senate Bill No. 494--To amend Tennessee Time Share Act.

Passed first consideration.

Senate Bill No. 583--To regulate composition, County Board of Equalization.

Passed first consideration.

HOUSE BILLS ON SECOND CONSIDERATION

House Bill No. 1039--To amend Shelby County Restructure Act.

Passed second consideration and held without reference.

House Bill No. 1040--To amend Charter, Red Boiling Springs.

Passed second consideration and held without reference.

REPORT OF COMMITTEE ON CALENDAR AND RULES

MR. SPEAKER: Your Committee on Calendar and Rules begs leave to report that we have met and set the following bills on the Calendar for Wednesday, March 13, 1985: House Bills Nos. 319, 321, 302, 316, 488, 388, 436, 277, 557, 318, 206, 320, 326, 268, 332, 196, 1004, 297, 603, 323 and 399.

GILL, Chairman.

REPORT FILED

The Clerk announced that the Report of the Select Committee on Veterans Affairs created by House Resolution No. 2, 93rd General Assembly, had been received and filed with the Clerk's Office.

MESSAGE FROM THE SENATE

MR. SPEAKER: I am directed to return to the House, House Joint Resolutions Nos.:

115--Relative to honoring Cleveland High School Band;

117--Relative to honoring James Alan Gill;

118--Relative to proclaiming "Pearl Harbor Remembrance Day in Tennessee;

119--Relative to commending Floyd E. Clift;

120--Relative to honoring Oliver Joshua Nunn;

122--Relative to expressing sorrow, death of Chancellor William M. Leech, Sr.;

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123--Relative to honoring Charles H. Coolidge;

125--Relative to congratulating Don Royston;

131--Relative to honoring Dobyns-Bennett High School girls' swim team; all concurred in by the Senate.

CLYDE W. McCULLOUGH, JR.,
Chief Clerk.

LOCAL BILL TRANSMITTED TO CALENDAR AND RULES

In accordance with Rule No. 47, the following local bill, having received authorization for passage by the local legislative delegation, was transmitted to the Committee on Calendar and Rules: House Bill No. 1040.

REPORT OF COMMITTEE ON CALENDAR AND RULES

CONSENT CALENDAR

MR. SPEAKER: The officers of your Committee on Calendar and Rules beg leave to report that we have met and set the following bills on the Consent Calendar for Wednesday, March 13, 1985: Senate Joint Resolutions Nos. 48, 49, 51, 55 and 59; House Joint Resolutions Nos. 140 and 141; and House Bill No. 1040.

GILL, Chairman.

SPONSORS ADDED

Without objection, the rules were suspended to allow the following members to add their names as sponsors to the bills as indicated below, the prime sponsor of each having agreed to such addition:

House Bill No. 28--West

House Bill No. 409--Moore (Shelby), Scruggs, Henry

House Bill No. 447--Kent

House Bill No. 495--Wheeler, Love, Jared

House Bill No. 540--Love

House Bill No. 731--Love

House Bill No. 844--Burnett

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ENGROSSED BILLS

MR. SPEAKER:

Your Chief Engrossing Clerk begs leave to report that we have carefully examined House Bills Nos. 193, 341, 540, 611, 1029, 1037 and 1038; House Joint Resolutions Nos. 137, 138 and 139; and find same correctly engrossed and ready for transmission to the Senate.

MARILYN EVELYN HAND,
Chief Engrossing Clerk.

On motion of Mr. Naifeh, the House adjourned until 2:00 p.m., Wednesday, March 13, 1985.